

Individual Income Tax Returns: Selected Characteristics From the 1981 Taxpayer Usage Study

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The number of individual income tax returns filed through April of this year was 90.7 million, up 1.5 million from the comparable period last year. The overall increase in the total number of returns filed is due to many factors, including rising incomes and an increase in average employment of about 1 million in Tax Year 1981 [1]. More than half of the increase between 1980 and 1981 was accounted for by the increase in the number of Forms 1040A filed--from 36.3 million for a comparable period last year to 37.1 million this year. The increase is a reversal of the pattern observed between comparable periods for Tax Years 1979 and 1980 when the number of Forms 1040A filed decreased by 2.2 percent and Forms 1040 increased by 2.3 percent.

Number of Forms 1040 and 1040A Filed
(Thousands of returns)

Form Type	1979	1980	1981
1040	51,651	52,840	53,544
1040A	37,118	36,314	37,126
Total	88,769	89,154	90,670

Generally, the relative proportion of Form 1040A returns filed to Form 1040's declines, or at least remains stable, between tax years in which there are no new tax laws implemented or in which there is no broadening of eligibility for Form 1040A usage. The increase of over 800,000 Forms 1040A from 1980 to 1981 is a reflection in part of both of these factors. For 1981, the tax tables were revised so that the 1040A could be used by taxpayers with taxable incomes of up to \$50,000 regardless of marital status, in contrast to an adjusted gross income limit of \$20,000 or \$40,000, depending on marital status, in recent prior years. The change to taxable income also removed any limitations (in using the tax tables) based on the number of exemptions. Also contributing to the increase was the addition of the space on the back of the Form 1040A to report more than \$400 of interest income or more than \$400 of dividend income. Thus, taxpayers who previously filed the 1040 only because interest or dividend income exceeded \$400 could now use Form 1040A. Space was also provided on the 1040A to report All-Savers Certificate Interest.

NONTAXABLE RETURNS

Early estimates show that the number of individual income tax returns filed with no income tax reported decreased by 0.8 percentage points from the comparable period last year. Of the 90.7 million returns filed by April 29, only 19.7 percent of them reported no income tax, compared with 20.5 percent of the 89.2 million returns reporting no income tax for Tax Year 1980. The number with no tax and with adjusted gross

income of \$5,000 or more decreased from 5.0 million to 4.3 million, or by about 15 percent. This may reflect a decrease in the number of families with children or other dependents, earning between \$5,000 and \$6,500, or an increase in the number of older taxpayers. Table 1 shows the total number of returns filed, with and without an entry for income tax, for Tax Years 1979, 1980, and 1981, by adjusted gross income class.

EXCLUSION OF INTEREST AND DIVIDENDS

Many of the 42.2 million taxpayers claiming the new combined dividend/interest exclusion showed the maximum amount allowed for their filing status: \$400 for taxpayers who are married and filing a joint return, \$200 for all others. Only about 300,000 returns are estimated to have mistakenly shown a dividend/interest exclusion in excess of what their filing status entitled them to (these errors are corrected in regular "revenue processing"). This 42.2 million for Tax Year 1981 compares with the 10.0 million taxpayers reporting dividends (after exclusion) and 47.2 million taxpayers reporting interest income for Tax Year 1980. Additional data on this topic are presented in Table 2.

ALL-SAVERS CERTIFICATE INTEREST

Interest received on the All-Savers Certificate (ASC)--established by the Economic Recovery Tax Act of 1981--was reported on only 1.2 million of the 90.7 million returns filed. The maximum amount of the exclusion allowed--\$2,000 for married persons filing a joint return and \$1,000 for all other taxpayers--was claimed on only 0.1 percent of all the returns filed, but on 9.2 percent of all the returns filed with ASC exclusion. The low incidence of taxpayers reporting ASC interest is a result of the Tax Year 1981 data representing only the first three months of ASC activity (the certificates were not available until October 1, 1981) and the policy of many financial institutions to pay ASC interest only at certificate maturity [2]. Tax Year 1982 data should show the full extent of ASC usage and the degree to which ASC reporting compares with expected increased Individual Retirement Arrangement (IRA) reporting. (IRA's are expected to compete directly with ASC's as will the exclusion of reinvested dividends on utility stock.)

All-Savers Certificate (ASC) Exclusion

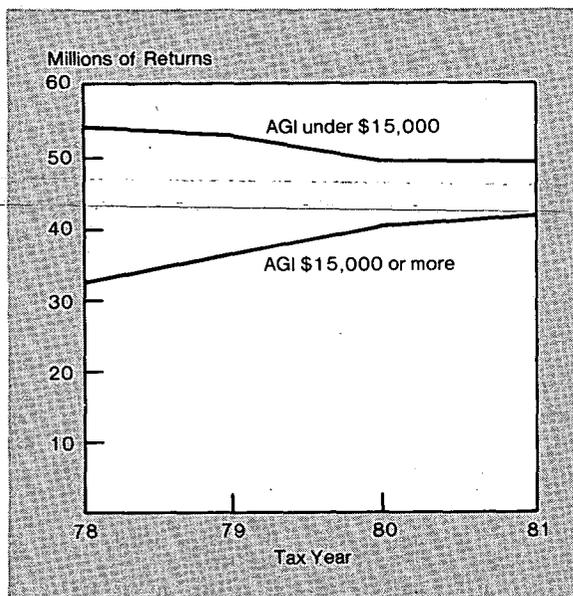
Size of ASC Exclusion	Returns (Thousands)	Percent of Total
Under \$1,000	1,045	1.2
\$1,000 or more	106	0.1

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INCOME DISTRIBUTION

The proportion of higher income returns relative to the total has been steadily increasing. This increase is a result of several factors--among them, inflation, higher real income, and increases in the minimum income filing requirements. From Tax Year 1978 to Tax Year 1981, the number of returns with AGI's under \$15,000 decreased by 5.0 million while the number with adjusted gross incomes of \$15,000 or more increased by 9.2 million. The percent of returns filed with AGI's of \$15,000 or more increased from about 37.5 percent for 1978 to about 45.9 percent for 1981. During the same period, returns with AGI's under \$15,000 decreased from about 62.5 to about 54.1 percent. Thus, as indicated by the chart below, the relationship between the rate of increase in the number of returns in the \$15,000 and over AGI class and the rate of decrease in the number of returns in the under \$15,000 AGI class is becoming almost inverse. (See also Table 3.)

Number of Returns by Size of Adjusted Gross Income



ATTACHED FORMS AND SCHEDULES

The W-2 (Wage and Earning) Statements continue to be the single most prevalent attachment to the return and one of the most informative [3]. Most of the Forms 1040A had W-2 statements attached, regardless of the income class (see Table 4). By contrast, only 80.2 percent of the Forms 1040 had a W-2 statement, and as the income level rose, the incidence of the presence of a W-2 statement also rose. Review of a selection of returns showed that the Forms 1040 with AGI's under \$15,000 without a W-2 statement frequently had a W-2P (Recipient of Pension and Annuity Income) Statement or a Schedule SE (Computation of Social Security Self-Employment Tax) attached. Of the 6.9 million Forms 1040 with Schedules SE attached, 3.1 million, or 45.3 percent of them were in the under \$15,000 adjusted gross income class.

Table 5 shows, on a selected basis, which forms and schedules are attached to individual income tax returns by adjusted gross income class. The number of returns filed with an attached Schedule B (Interest and Dividend Income) increased by 2.8 million over a comparable period last year. While ASC interest reporting may have contributed to this increase, overall high interest rates and a constant reporting

requirement of \$400 or more were probably the main reasons. The number of Forms 1040 filed with a Schedule E (Supplemental Income Schedule), as expected, decreased by 2.2 million. This decrease reflected the fact that new lines were added to the Tax Year 1981 basic Form 1040 for taxpayers who had previously filed a Schedule E to report only pension and annuity income. In keeping with the concept of tax return simplification, these individuals are no longer required to file a Schedule E.

As shown in the table below, returns claiming itemized deductions on Schedule A have been a steadily rising proportion of all Form 1040 returns during the last four years. They now represent about 53 percent of the Forms 1040 filed by the end of April, as compared with about 49 percent for 1976. Inflation may have caused more taxpayers to be eligible to itemize deductions on Schedule A. When there are tax form or law changes designed to encourage wider use of the Form 1040A, many former 1040 filers who were not itemizing deductions may have switched to the simpler Form 1040A. This would obviously cause the ratio of the remaining 1040 filers with itemized deductions to total 1040 filers to rise. The decrease in 1040 returns filed with an attached Schedule A from Tax Year 1976 (49.0 percent) to Tax Year 1977 (45.6 percent) resulted from the substantial increase in the zero bracket amount (ZBA) for Tax Year 1977. The increase in the ZBA for 1979 was apparently not enough to offset rising expenses for itemizers.

Tax Year	Percent with Itemized Deductions:	
	Form 1040	All Returns
1976	49.0	31.9
1977	45.6	27.3
1978	46.7	27.6
1979	49.6	28.9
1980	51.7	30.6
1981	52.7	31.1

Form 1040 returns filed with the Form 5695 (Residential Energy Credit) showed a marked decline from last year. Only 3.8 million Forms 1040 had an attached Form 5695 compared with 4.6 million for a comparable period last year. The decreasing number of Forms 1040 filed claiming the residential energy credit is due in part both to the length of time the credit has been allowed and the lifetime maximum credit per principal residence (which have therefore decreased the number of persons qualifying to claim it). The credit was based on the cost of items for home energy conservation and the costs for renewable energy property installed after April 19, 1977, and before January 1, 1986. For Tax Year 1978, the first year the credit was allowed, 5.6 million taxpayers claimed it, compared with the 4.6 million claiming it for Tax Year 1980 and the 3.8 million claiming it for Tax Year 1981.

Tax Year	Returns with Form 5695 (Thousands)
1978	5,568
1979	4,499
1980	4,646
1981	3,771

The types of attachments to the Forms 1040 tabulated for Table 5 were limited to those for which statistics were requested by Internal Revenue Service officials for tax administration purposes. Therefore, forms or schedules not shown were not requested even though some of them may have been filed in substantial numbers--such as the Form 4835 (Farm Rental Income And Expenses and Summary of Gross Income from Farming or Fishing).

PREPARER RETURNS

The proportion of preparer returns--returns with a paid preparer signature--decreased by 0.6 percent from the comparable period last year. In fact, preparer returns have been on the decline for the past five years [3]. Over half of the Form 1040 returns--but less than one sixth of the Form 1040A returns--had a preparer signature. The incidence of preparer signatures is directly related to income class, as can be seen in Table 6. As the level of income increases, so does the likelihood of a preparer signature. The trend for all returns with paid preparer signatures is notably different from those of the two components--Forms 1040 and Forms 1040A. This difference is mostly the result of the progressively larger proportions of middle income taxpayers now using the 1040A. Taxpayers using the Forms 1040 tend to be concentrated in the higher adjusted gross income classes, and because of the increased complexity of returns in the higher income classes, a higher incidence of paid preparer signatures is observed.

OFFICIAL LABEL AND ENVELOPE USAGE

Overall, use of the official IRS label increased by 0.7 percentage points despite the Service's decision not to ask the Postal Service to forward 1981 tax packages in those cases where the taxpayer had moved since the prior year's filing. The percentage of returns with the label affixed decreased by 0.8 percent for Form 1040 filers and increased by a significant 2.9 percent for Form 1040A filers--a shift from the previous year when an increase in label usage was found for Form 1040 filers and a decrease was found for Form 1040A filers. On the other hand, use of the official IRS envelope decreased by 4.6 percent for Form 1040 filers and by 3.5 percent for Form 1040A filers, but the envelope usage percentages remained significantly higher than those for official label usage.

Official Label Usage

	<u>1979</u>	<u>1980</u>	<u>1981</u>
1040	64.2%	64.9%	64.1%
1040A	53.2	51.2	54.1
Total ..	59.6	59.3	60.0

Official Envelope Usage

1040	75.0%	78.9%	74.3%
1040A	79.4	81.1	77.6
Total ..	76.8	79.8	75.7

For the first time, the Service used presorting for 86.4 million or about 97 percent of the total tax packages mailed to taxpayers for use in filing their Tax Year 1981 Forms 1040/1040A. According to the U.S. Postal Service, the carrier route presorting improved deliveries of the tax packages; that is, more taxpayers received their tax packages than in the past, resulting in fewer tax packages being destroyed by the Postal Service because they were undeliverable. This improvement in deliveries apparently caused the slight increase in label usage (see Table 7).

DATA SOURCES AND LIMITATIONS

Data for the Taxpayer Usage Studies (TPUS) were derived from a continuous daily sampling of returns at the time of their receipt at the Internal Revenue Service Centers. Sampling was conducted at a designated 1:13,000 rate for Tax Years 1979 and 1980--and 1:15,000 for Tax Year 1981. Estimates from

the annual Taxpayer Usage Studies apply exclusively to Form 1040 and Form 1040A returns filed on current year tax forms, and cover about 94 percent of the total individual returns expected to be filed for the year. The designed sampling rate was set at 1/15,000 in order to yield a sample of about 6,000 Forms 1040 and 1040A from the Tax Year 1981 filing population, projected to be about 96,200,000 individual income tax returns. However, in recent years, the average effective sampling rate has exceeded the designated rate; in addition, the effective rate for 1040A's has exceeded that for 1040's [4]. Because of the differences between designed and effective sampling rates, the estimation procedure is based on using the inverse of the effective sampling rates (for Forms 1040 and 1040A separately) as the weighting factors for the returns in this sample. For example, for Tax Year 1981, the official IRS Service Center count of Forms 1040 received by April 30, 1982, was 53,544,000, while the number of 1040's in the sample was 3,450. Thus the effective weight for Forms 1040 was 15,520 (53,544,000 divided by 3,450). For Forms 1040A the official IRS count received by April 30 was 37,126,000, while the number of sample 1040A's was 3,011. Thus, the weight assigned was 12,330. Because the TPUS samples are not stratified by income size and the sampling rates are low, only frequency estimates are available.

Coefficient of Variation

Because the statistics are estimates based on samples, they are subject to sampling error. The upper limits of the coefficient of variation shown below for Tax Year 1981 are intended as a general indication of the reliability of the data.

<u>Coefficient of Variation</u>	<u>Estimated Number of Returns:</u>	
	<u>Form 1040 1/</u>	<u>Form 1040A</u>
2.0	38,797,500	30,822,800
3.0	17,243,300	13,699,000
4.0	9,699,400	7,705,700
5.0	6,207,600	4,931,600
10.0	1,551,900	1,232,900
20.0	388,000	308,200
30.0	172,400	137,000
40.0	97,000	77,100
50.0		62,100
49,300		

1/ Use this column when Forms 1040 and 1040A are combined.

NOTES AND REFERENCES

The statistics in this article are based in all cases and for all years on filings through the end of April. Data from the entire year's filings for 1981 will appear separately in the Winter 1982-83 issue of the Bulletin using the larger Statistics of Income sample now being processed.

- [1] Table A1, Employment and Earnings, Bureau of Labor Statistics, U.S. Department of Labor, March, 1982.
- [2] New York Times, February 3, 1982, p. D.13.
- [3] Grayson, Paul, "Individual Income Tax Returns: Selected Characteristics from the 1980 Taxpayer Usage Study," SOI Bulletin, Vol. 1, No. 3, page 14.
- [4] Grayson, Paul, op. cit., page 13.
- [5] Grayson, Paul, op. cit., page 18.

Individual Income Tax Returns, 1981 Taxpayer Usage

Table 1.—All Returns: Entry for Tax (Line 35, Form 1040; Line 15a, Form 1040A)
Classified by Size of Adjusted Gross Income, Tax Years 1979, 1980, and 1981

[All figures are estimates based on samples—numbers of returns are in thousands]

Type of entry for tax, type of return	Total	Size of adjusted gross income						
		Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All tax year 1981 returns filed.....	90,670	19,166	16,138	13,733	10,815	15,817	12,005	2,995
Entry.....	72,799	5,530	13,703	13,031	10,419	15,332	11,789	2,995
No entry (including 0, "none", "-", etc.).....	17,870	13,636	2,435	702	395	485	217	-
Percent with no entry.....	19.7	71.1	15.1	5.1	3.7	3.1	1.8	-
All tax year 1980 returns filed.....	89,154	17,646	18,137	13,406	11,160	15,706	10,581	2,517
Entry.....	70,907	4,485	15,062	12,640	10,543	15,248	10,427	2,493
No entry (including 0, "none", "-", etc.).....	18,247	13,161	3,075	766	617	458	154	*24
Percent with no entry.....	20.5	74.6	17.2	4.7	5.4	2.7	1.5	1.0
All tax year 1979 returns filed.....	88,768	18,814	19,473	14,461	11,603	14,526	8,132	1,758
Entry.....	69,650	4,592	16,308	13,551	11,197	14,261	8,008	1,732
No entry (including 0, "none", "-", etc.).....	19,118	14,222	3,165	910	406	265	124	*26
Percent with no entry.....	21.5	75.6	16.2	6.3	2.8	1.8	1.5	1.5

*Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to total because of rounding.

Table 2.—All Returns: Percentage Distribution of Returns With Entry for Exclusions for
Dividends/Interest, Classified by Marital Status, Tax Year 1981

[All figures are estimates based on samples—numbers of returns are in thousands]

Exclusions (Line 8d)	Total	Marital status				
		Single	Married filing joint return	Married filing separate return	Unmarried head of household	Qualifying Widow(er)
	(1)	(2)	(3)	(4)	(5)	(6)
All returns filed.....	90,670	39,206	42,330	1,094	7,884	155
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Returns without exclusions.....	53.5	63.4	39.6	79.9	75.9	30.0
Returns with exclusions, total...	46.5	36.6	60.4	20.1	24.1	70.0
\$1 under \$200.....	9.2	7.9	11.0	1.4	6.9	10.0
\$200.....	14.2	28.2	0.5	17.6	17.0	50.0
\$201 under \$400.....	1.9	0.1	4.1	-	-	-
\$400.....	20.9	0.2	44.6	1.1	-	10.0
More than \$400.....	0.2	0.2	0.3	-	0.2	-
All Form 1040 returns filed.....	53,544	15,039	34,019	466	3,864	155
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Returns without exclusions.....	32.9	32.1	30.0	63.3	58.2	30.0
Returns with exclusions, total.....	67.1	67.9	70.0	36.7	41.8	70.0
\$1 under \$200.....	11.6	10.5	12.3	3.3	10.8	10.0
\$200.....	19.0	56.6	0.6	33.3	30.9	50.0
\$201 under \$400.....	3.0	0.1	4.6	-	-	-
\$400.....	33.2	0.4	52.1	-	-	10.0
More than \$400.....	0.3	0.3	0.3	-	-	-
All Form 1040A returns filed.....	37,126	24,167	8,310	629	4,020	n.a.
Percent.....	100.0	100.0	100.0	100.0	100.0	-
Returns without exclusions.....	83.3	83.0	78.8	92.2	92.9	-
Returns with exclusions, total.....	16.7	17.0	21.2	7.8	7.1	-
\$1 under \$200.....	5.6	6.2	5.5	-	3.1	-
\$200.....	7.4	10.6	0.1	5.9	3.7	-
\$201 under \$400.....	0.4	0.1	1.8	-	-	-
\$400.....	3.2	0.1	13.8	2.0	-	-
More than \$400.....	0.1	0.1	-	-	0.3	-

n.a. - Not applicable.

NOTE: Detail may not add to total because of rounding.

Individual Income Tax Returns, 1981 Taxpayer Usage

Table 3.--All Returns: Entry for Filing Status, Classified by Adjusted Gross Income and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Filing status	Total	Negative AGI	No entry on line for AGI ¹	Size of adjusted gross income				
				\$1 under \$1,000	\$1,000 under \$3,300	\$3,300 under \$4,300	\$4,300 under \$5,000	\$5,000 under \$5,400
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns filed.....	90,670	351	2,988	2,146	8,215	3,192	2,275	1,166
Single.....	39,206	124	2,021	1,695	6,468	2,524	1,616	800
Married filing joint return.....	42,330	214	674	210	972	409	353	211
Married filing separate return..	1,094	-	*40	*90	188	*12	-	*12
Unmarried, head of household....	7,884	*12	253	151	571	247	306	142
Qualifying widow(er) with dependent child.....	155	-	-	-	*16	-	-	-
All Form 1040 returns filed.....	53,544	326	559	481	2,173	1,133	931	512
Single.....	15,039	124	233	326	1,474	823	605	295
Married filing joint return.....	34,019	202	279	124	590	248	217	186
Married filing separate return.....	468	-	*16	*16	*16	-	-	-
Unmarried, head of household.....	3,864	-	*31	*16	*78	*62	109	*31
Qualifying widow(er) with dependent child.....	155	-	-	-	*16	-	-	-
All Form 1040A returns filed.....	37,126	*24	2,429	1,665	6,042	2,059	1,344	653
Single.....	24,167	-	1,788	1,369	4,994	1,702	1,011	506
Married filing joint return.....	8,310	*12	395	*86	382	160	136	*25
Married filing separate return.....	629	-	*25	*74	173	*12	-	*12
Unmarried, head of household.....	4,020	*12	222	136	493	185	197	111

Filing status	Size of adjusted gross income--Continued						
	\$5,400 under \$6,400	\$6,400 under \$7,400	\$7,400 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
All returns filed.....	3,280	3,612	8,081	24,548	15,817	12,005	2,995
Single.....	2,070	2,246	4,711	10,357	3,170	1,185	217
Married filing joint return.....	703	749	2,131	10,946	11,518	10,494	2,747
Married filing separate return.....	*65	*99	124	279	155	*31	-
Unmarried, head of household.....	442	519	1,069	2,935	943	264	*31
Qualifying widow(er) with dependent child	-	-	*47	*31	*31	*31	-
All Form 1040 returns filed.....	1,319	1,195	3,383	14,030	13,068	11,438	2,995
Single.....	714	667	1,505	4,439	2,468	1,148	217
Married filing joint return.....	481	404	1,428	7,543	9,607	9,964	2,747
Married filing separate return.....	*16	-	*62	155	155	*31	-
Unmarried, head of household.....	109	124	341	1,862	807	264	*31
Qualifying widow(er) with dependent child.....	-	-	*47	*31	*31	*31	-
All Form 1040A returns filed.....	1,960	2,417	4,698	10,518	2,750	567	-
Single.....	1,356	1,578	3,206	5,918	703	*37	-
Married filing joint return.....	222	345	703	3,403	1,911	530	-
Married filing separate return.....	*49	*99	*62	123	-	-	-
Unmarried, head of household.....	333	395	727	1,073	136	-	-

*Estimate should be used with caution because of the small number of sample returns on which it is based.

¹Line 10, Form 1040A; line 31, Form 1040.

NOTE: Detail may not add to total because of rounding.

Individual Income Tax Returns, 1981 Taxpayer Usage

Table 4.--All Returns: Presence of Form(s) W-2, Classified by Size of Adjusted Gross Income and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--number of returns are in thousands]

Attachment of Form(s) W-2, type of return	Total	Size of adjusted gross income						
		Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns filed.....	90,670	19,165	16,138	13,733	10,815	15,817	12,005	2,995
Attached.....	79,366	16,028	13,541	11,526	9,626	14,653	11,323	2,669
Not attached.....	11,304	3,138	2,597	2,207	1,189	1,164	683	326
All Form 1040 returns filed.....	53,544	5,603	6,410	7,186	6,844	13,068	11,438	2,995
Attached.....	42,943	2,934	3,973	5,028	5,680	11,904	10,755	2,669
Not attached.....	10,600	2,669	2,437	2,157	1,164	1,164	683	326
All Form 1040A returns filed.....	37,126	13,563	9,728	6,547	3,970	2,750	567	-
Attached.....	36,423	13,094	9,568	6,498	3,946	2,750	567	-
Not attached.....	703	468	160	*49	*25	-	-	-
		(Percentage of returns)						
All returns filed.....	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached.....	87.5	83.6	83.9	83.9	89.0	92.6	94.3	89.1
Not attached.....	12.5	16.4	16.1	16.1	11.0	7.4	5.7	10.9
All Form 1040 returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached.....	80.2	52.4	62.0	70.0	83.0	91.1	94.0	89.1
Not attached.....	19.8	47.6	38.0	30.0	17.0	8.9	6.0	10.9
All Form 1040A returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached.....	98.1	96.5	98.4	99.2	99.4	100.0	100.0	-
Not attached.....	1.9	3.5	1.6	0.8	0.6	-	-	-

*Estimate should be used with caution because of the small number of sample returns on which it is based.
NOTE: Detail may not add to total because of rounding.

Individual Income Tax Returns, 1981 Taxpayer Usage

Table 5.--All Form 1040 Returns: Percentage Distribution of Schedules and Forms Attached With Entries Classified by Size of Adjusted Gross Income, Tax Year 1981

Schedule or Form	Type of attachment	Total	Size of adjusted gross income						
			Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All Form 1040 returns filed.....	53,544	5,603	6,410	7,186	6,844	13,068	11,438	2,995
	Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A	Itemized Deductions.....	52.7	8.8	21.3	34.8	48.1	62.6	84.0	93.3
B	Interest and Dividend Income..	47.0	45.4	47.7	45.4	41.9	41.4	51.2	73.1
C	Profit or (Loss) From Business or Profession.....	12.9	18.6	15.5	14.0	12.0	12.4	9.1	13.0
D	Capital Gains and Losses.....	12.5	11.4	6.5	12.7	7.5	9.5	17.1	33.7
E	Supplemental Income Schedule..	15.0	13.8	12.4	14.2	12.5	13.2	15.6	35.2
F	Farm Income and Expenses.....	4.0	8.9	4.4	5.4	3.0	3.6	2.2	2.1
G	Income Averaging.....	10.1	0.6	0.7	3.0	7.9	7.6	20.2	42.0
R RP }	Credit for the Elderly.....	1.0	-	3.4	1.6	0.9	0.6	0.3	0.5
SE	Computation of Social Security Self-Employment Tax.....	12.9	20.0	16.5	13.4	13.6	11.0	8.6	14.5
1116	Computation of Foreign Tax Credit.....	0.5	0.3	-	0.4	0.7	0.4	0.8	1.0
2106	Employee Business Expenses....	9.4	3.3	5.1	8.2	7.3	9.7	14.5	16.1
2119	Sale or Exchange of Principal Residence.....	1.4	1.1	1.2	1.1	0.5	1.3	2.3	3.1
2210/ 2210F	Underpayment of Estimated Income Tax.....	5.9	4.7	6.5	6.9	5.2	5.1	4.3	15.6
2440	Disability Income Exclusion...	0.9	3.1	1.7	1.3	0.7	0.2	0.4	-
2441	Credit for Child and Dependent Care Expenses.....	7.3	0.6	3.4	9.7	8.6	8.7	9.6	5.2
3468	Computation of Investment Credit.....	5.7	7.5	3.6	5.2	6.1	4.9	4.5	14.5
3903	Moving Expense Adjustment....	1.8	-	1.9	1.7	2.5	2.3	1.6	2.6
4255	Recapture of Investment Credit	0.8	1.9	1.0	0.4	0.5	0.1	0.5	3.1
4562	Depreciation.....	7.7	12.2	6.1	7.8	6.4	7.2	6.6	11.9
4625	Computation of Minimum Tax-- Individuals.....	0.1	-	-	0.2	-	-	0.3	1.0
4684	Casualties and Thefts.....	1.0	0.3	0.7	0.4	0.7	1.2	1.6	2.1
4797	Supplemental Schedule of Gains and Losses.....	1.9	3.6	0.7	1.9	0.9	1.5	1.6	6.7
5329	Return for Individual Retirement Arrangement Taxes.....	0.1	0.3	-	0.2	0.2	-	0.1	-
5695	Residential Energy Credit.....	7.0	0.8	1.7	5.4	8.2	8.4	10.9	10.9
5884	Jobs Credit.....	0.1	0.8	-	-	0.2	-	-	-
6249/ 6249A	Computation of Overpaid Windfall Profit Tax.....	0.3	0.6	0.2	0.2	0.5	0.2	0.3	0.5
6251	Alternative Minimum Tax Computation.....	0.7	-	-	0.2	0.7	0.5	1.6	2.6
6252	Computation of Installment Sale Income.....	1.2	0.8	0.5	1.7	0.5	0.7	2.2	3.1

Individual Income Tax Returns, 1981 Taxpayer Usage

Table 6.--All Returns: Entry for Paid Preparer Signature Classified by Adjusted Gross Income and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Paid preparer signature, type of return	Total	Negative or no entry for AGI	Size of adjusted gross income						
			\$1 under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns filed.....	90,670	3,338	15,827	16,138	13,733	10,815	15,817	12,005	2,995
Entry.....	33,848	651	4,092	5,161	4,782	4,475	7,117	5,739	1,831
No entry.....	56,822	2,688	11,735	10,978	8,951	6,340	8,700	6,267	1,164
All Form 1040 returns filed.....	53,544	885	4,718	6,410	7,186	6,844	13,068	11,438	2,995
Entry.....	28,324	466	2,452	3,632	3,771	3,896	6,612	5,665	1,831
No entry.....	25,220	419	2,266	2,778	3,414	2,949	6,456	5,773	1,164
All Form 1040A returns filed.....	37,126	2,454	11,109	9,728	6,547	3,970	2,750	567	-
Entry.....	5,524	185	1,640	1,529	1,011	580	506	*74	-
No entry.....	31,602	2,269	9,470	8,200	5,536	3,391	2,244	493	-

*Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to total because of rounding.

Table 7.--All Returns: Use of Official Preaddressed Label and Official Envelope Classified by Preparer Status and by Type of Return, Tax Year 1981

[All figures are estimates based on samples--numbers of returns are in thousands]

Characteristics of label and envelope	All returns			Form 1040			Form 1040A		
	Total	Paid preparer signature		Total	Paid preparer signature		Total	Paid preparer signature	
		Entry	No entry		Entry	No entry		Entry	No entry
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All returns filed.....	90,670	33,848	56,822	53,544	28,324	25,220	37,126	5,524	31,602
Official preaddressed label:									
Used, total.....	54,397	19,078	35,318	34,299	16,168	18,143	20,098	2,922	17,176
Label unchanged.....	51,351	17,864	33,488	32,561	15,225	17,336	18,791	2,639	16,152
Changes include city/state...	461	170	290	202	*93	109	259	*62	197
Other changes.....	2,585	1,045	1,540	1,536	714	823	1,048	222	826
Not used.....	36,272	14,769	21,503	19,245	12,168	7,077	17,028	2,602	14,426
Official envelope:									
Used.....	68,620	21,345	47,275	39,793	17,646	22,147	28,828	3,699	25,129
Not used, total.....	22,049	12,503	9,546	13,751	10,678	3,073	8,298	1,825	6,473
Other envelope.....	17,528	9,930	7,598	10,414	8,241	2,173	7,114	1,689	5,425
No envelope (includes "flat" or "cloth mail").....	4,520	2,572	1,948	3,337	2,437	900	1,184	136	1,048

*Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to total because of rounding.